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October 10, 2019

Hon. Alan S. Trust
United States Bankruptcy Judge
United States Bankruptcy Court
Eastern District of New York
Alfonse M. D'Amato Federal Courthouse
290 Federal Plaza
Central Islip, New York 11722

Re: *In re Absolut Facilities Management, et al.*, Case No. 19-76260 (AST)

Dear Judge Trust:

We represent Absolut Facilities Management, LLC and its affiliated debtor entities (collectively, the “**Debtors**”), as debtors-in-possession in the above-referenced Chapter 11 cases. We write pursuant to the Court’s instruction (Dkt. No. 133) regarding the status of the Term Sheet¹ and the proposed form of the DIP/Cash Collateral order. The Debtors have filed the By-Facility Budgets and the Cash Collateral Affidavits for Debtors’ Witnesses.

With respect to the Term Sheet, on Wednesday, October 2, counsel to the Debtors and Landlords met for over 8-hours and came to agreement on the outline for a consensual path forward for these chapter 11 cases. Although that agreement – as read into the record at the October 3 hearing and confirmed by counsel to the Landlords – involved only a handful of points, the Landlords’ counsel did not provide a draft of the Term Sheet until nearly 10:30 p.m. on Friday, October 4, well after Shabbat observance began. The Debtors reverted with comments to the draft Term Sheet on the next business day, Monday October 7. Prior to providing our comments, the Debtors advised the Landlords’ counsel that the final patient had moved from the Orchard Park facility. Counsel to the Debtors and the Landlords have been in discussions regarding the potential impact that development would have, if any, on the terms of the parties’ agreement. To date, while the Debtors stand ready and willing to engage on the specific terms of the Term Sheet, the Landlords have provided no comments to the Term Sheet. Now that the parties have reached agreement on the form of DIP/Cash Collateral order, the parties intend to work in good faith to finalize the Term Sheet.

Regarding the proposed form of the DIP/Cash Collateral order, agreement has just now been reached on a form of order that has been agreed to by all parties in interest, including the Debtors, the Landlords, Capital Finance, the DIP lender, Capital Funding and the United States (HUD and

¹ Capitalized terms not defined herein are given the meaning ascribed to them in the Court’s Order.



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HHS). The Debtors are circulating that final form and will upload the agreed form as soon as possible.

Capital Funding has stated that entry of the proposed order is a condition to their continued consent to use cash collateral. Accordingly, the Debtors respectfully request that the Court enter the proposed order.

We thank the Court for its attention to this matter.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Schuyler G. Carroll'.

Schuyler G. Carroll
Partner